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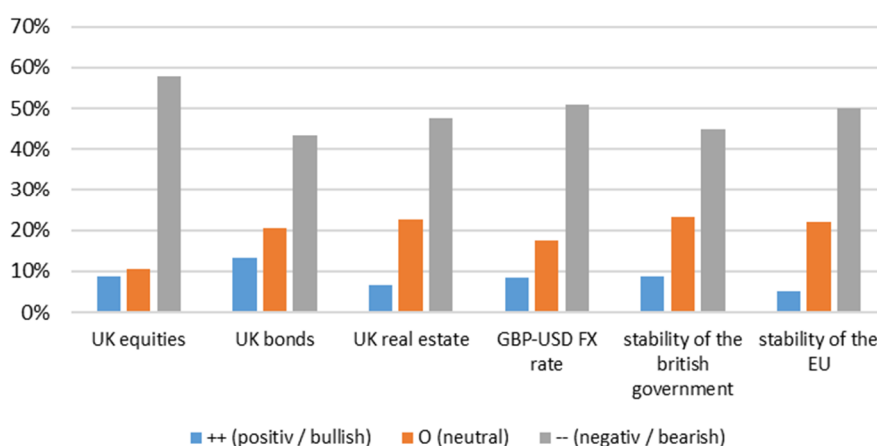
Investors underestimate the “Brexit” risk

The sentix Euro Breakup Index (EBI) for May reflects improvements within the euro zone. Based on declining stress levels in the euro-periphery investors perceive the odds continue to shift in favour for the cohesion of the single currency area. However, a potential “Brexit” would cause significant turmoil.

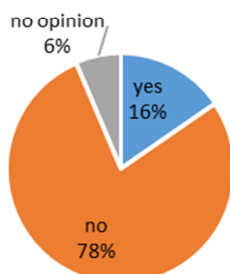
The sentix Euro-Break-up index (EBI) reaches with 12.3% the lowest level in six months. Based on positive developments of the situation in the euro periphery, investors risk perception lightens. The EBI sub-index for Greece notably improves from 14.7% to 9.8% in May. Subsequently, investors believe that the agreement reached between Greece, the EU, and the IMF could reduce contagion risks further and stabilize the struggling member country. As a consequence, the sentix risk of contagion index falls.

Unfortunately, as break-up threats continue to decline in the periphery, investors shift towards problems in France. The effectiveness of the strike tactics of some groups within France lets investors remodel political risk assessments in their investment scheme. The EBI sub-index doubles to nearly 1.3% - the highest level since March 2015.

What are the likely consequences of “brexit” for the following markets / themes?



Do you believe a “brexit”, the exit of Great Britain from the EU, will happen?



By lower EBI risk levels, investors furthermore reduce the odds that the UK will leave the EU in June. Merely, 16% of survey participants currently think that a “Brexit” is going to take place; down from 27% in April.

Comparable market polls in the UK suggest higher probability for a “Brexit.” An imminent risk exists that the 968 mainly German speaking sentix participants underestimate the likelihood of a “Brexit” systematically. If indeed a Brexit takes place, the market is likely to panic. As among other things, the only 9% share of institutional investors expecting a “Brexit” highlights the apparent surprise potential.



Press release sentix Euro Break-up Index

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Opinion polls state that 18-45% of respondents would see the UK to depart in June. In contrast, investors are aware of the negative impact on financial markets. On average 60% of respondents believe that all asset classes would be adversely affected. In April, investors were still relatively optimistic on real estate and bonds. In May, however, 64% and 60% of investors believe that real estate and bonds values would plunge.



Background

The sentix Euro Breakup Index is published on a monthly basis and was launched in June 2012. Its poll is running for two days around the fourth Friday of each month. Results are regularly published on the following Tuesday morning. Survey participants may choose up to three euro-zone member states of which they think they will quit the currency union within the next twelve months. Further details on the sentix Euro Breakup Index can be found on <http://ebr.sentix.de>.

This month's reading of 16.7% means that currently this percentage of all surveyed investors expect the euro to break up within the next twelve months. The EBI has reached its high at 73% in July 2012 and touched its low at 7.6% in July 2014.

The current poll in which 1081 individual and institutional investors participated was conducted from April 21 to April 23, 2016.

About sentix

sentix is the pioneer and leading provider of sentiment analyses (behavioural finance) in Europe. Since 2001 sentix surveys on a weekly basis around 5,000 investors from over 20 countries (comprising over 1,000 institutional and almost 4,000 individual investors) about their expectations for financial markets as well as for economic developments and their portfolio actions. The sentix survey results are representative of a broadly diversified group of investors.

sentix surveys offer the rare combination of a vast number of participants, high quality and an outstanding speed with which information is gathered and passed on. All sentix indices are regularly accessible for sentix data clients just about one day after the close of each poll – via the sentix website or Bloomberg. sentix clients thus can use sentix data almost in real time to further improve performance.

sentix GmbH was founded in 2001 and today represents the basis for all the services the sentix group offers to its clients in the field of Behavioral Finance.



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